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PRO-CAFTA COMMENTARY

CAFTA Means More Jobs And Stronger Democracies

■ By **DICK CASTNER**

Soon the U.S. Congress will vote on an important trade agreement with the Dominican Republic and five Central American countries, popularly known as CAFTA. This agreement would create better jobs and greater economic growth

in Southern California and throughout the United States. Moreover, it is a critical component of U.S. foreign policy and our strategy to bolster fledgling democracies in Latin America.

CAFTA is the most favorable trade agreement that the United States has ever negotiated. Past agreements like NAFTA have offered our trading partners significant additional access to the U.S. market. CAFTA would only lock in and marginally expand access to the U.S. market that our trading partners already enjoy, while significantly opening CAFTA markets to U.S. goods and services. Today, 80 percent of manufacturing goods and 99.5 percent of agricultural goods from CAFTA countries enter our market tariff free, while California businesses face average tariffs of 5 percent to 10 percent in the CAFTA countries. CAFTA levels the playing field by immediately eliminating 80 percent of CAFTA-country tariffs on industrial goods and 50 percent of agricultural goods from the start and wipes out virtually all tariffs within 15 years.

Leveling the playing field would be a boon to California businesses. According to a recent U.S. Chamber of Commerce study, CAFTA would generate an increase of \$229 million in output across all California industries, increase California worker earnings by \$52 million, and pump 1,342 new jobs into the

economy – all in the first year of implementation. After nine years, output would increase \$2.5 billion, earnings would jump by \$588 million, and 13,887 new jobs would be added. The bustling Port of Long Beach, a vital economic engine for the region, would greatly benefit from this agreement. The goods that come in and out of the Greater Los Angeles area sustain high-paying port, transportation, warehousing and manufacturing jobs throughout the Los Angeles area.

CAFTA is also a critical component of a long-term U.S. foreign policy strategy focused on fostering strong democracies in our neighborhood. At the end of the Cold War, as communist insurgencies gripped Central America, the United States decided to pursue a policy to help the region build strong democracies and market economies by unilaterally opening its market to their exports through an initiative called the Caribbean Basin Initiative (CBI).

This approach, which garnered the support of 392 members of Congress, spurred a boom in export-led growth and representative government in Central America. Today, Nicaragua, Guatemala, Honduras, and El Salvador – ruled by dictators and torn apart by civil war 20 years ago – have all democratically elected leaders focused on building strong, long-lasting government institutions that people in the United States take for granted.

While the CAFTA countries have made great strides, there is a real risk of backsliding if their current leaders aren't able to create new opportunities for economic growth. Daniel Ortega, Nicaragua's former communist dictator, is still a political force in his country and is intent on making a

comeback, using his opposition to CAFTA as his calling card.

CAFTA is a crucial step to ensuring that democratic and free market principles take hold in Central America and the Dominican Republic. The world is watching to see if the United States follows through on its commitment to these countries. If we turn our back on Central America, we will permanently damage our credibility with our neighbors and cause those who look to the United States as a champion of freedom and democracy worldwide to question our sincerity and ability to make good on our commitments.

Passage of CAFTA is essential to California's economy and to our nation's foreign policy. It is time for those who understand the stakes to stand up and be counted.

(Dick Castner is the executive director of the U.S. Chamber of Commerce's Western Regional office in Woodland Hills.) ■